AMENDED IN SENATE JUNE 23, 1999

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AMENDED IN ASSEMBLY APRIL 5, 1999

AMENDED IN ASSEMBLY MARCH 4, 1999

AMENDED IN ASSEMBLY FEBRUARY 4, 1999

CALIFORNIA LEGISLATURE—1999-2000 REGULAR SESSION

ASSEMBLY BILL

No. 34

Introduced by Assembly Members Steinberg and Baugh

(Principal coauthor: Senator Burton)

(Coauthors: Assembly Members Alquist, Calderon, Cedillo, Gallegos, Hertzberg, Honda, Jackson, Keeley, Kuehl, Lowenthal, Mazzoni, Romero, Strom-Martin, Thomson, and Washington)

(Coauthors: Senators Alpert, Baca, Chesbro, Johnston, Perata, and Solis)

December 7, 1998

An act to amend Sections 5802, 5806, and 5814 of the Welfare and Institutions Code, relating to mental health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as amended, Steinberg. Mental health funding: local grants.

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Existing law provides for the allocation of state funds to counties for mental health programs.

This bill would make various statements of legislative findings and intent regarding the need to provide sufficient funds to counties for adult mental health and related services.

Existing law requires the State Department of Mental Health to establish service standards relating to mental health services. These standards are required to include, among other things, plans for services and evaluation strategies.

This bill would also require these standards to include coordination and access to related medications, substance abuse services, housing assistance, vocational rehabilitation, and veterans' services.

The bill would also provide for the award, by the department, of planning grants, outreach grants, and service expansion grants to counties for adult mental health programs.

The bill would appropriate funds to provide planning grants, outreach grants, and expansion grants for counties with significant populations of homeless mentally ill persons through the 2000–01 fiscal year.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of 2 the following:
- 3 (a) Recent estimates indicate that there are 50,000 4 homeless severely mentally ill Californians, including 5 10,000 to 20,000 homeless mentally ill veterans.
- 6 (b) Presently there are no financial incentives for 7 counties to provide outreach to homeless mentally ill 8 adults to increase the number of people they serve with 9 severe mental illness.
- 10 (c) County dollars are generally fixed, so that 11 treatment of a higher than expected number of Medi-Cal 12 recipients, who are entitled to treatment by the county,

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reduces the amount of funds available to serve other individuals.

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- (d) Counties should be provided an amount of funds to establish systems of care for severely mentally ill adults, provide mental health services and related medications, substance abuse services, housing assistance, vocational rehabilitation. and other nonmedical programs necessary to stabilize homeless mentally ill persons, get them into regular treatment or access to 10 veterans' services, and off the streets.
- (e) When people who suffer from severe 12 illness do not have access to the services they require they 13 frequently wind up in the criminal justice system. 14 However, those who receive extensive community 15 treatment are much less frequently incarcerated. The 16 Department of Corrections is expending \$400 million 17 annually for the incarceration and treatment of people 18 suffering from severe mental illness. In addition, the 19 Department of Corrections and the criminal justice 20 system are responsible for the placement of more than 21 3,000 of the total of approximately 4,500 persons in the 22 state mental hospitals, for an additional annual state cost 23 of over \$300 million.
- (f) People suffering from severe mental illness receive 25 sentences that are frequently longer than those received by others convicted of the same crimes.
- (g) There are insufficient funds or programs to ensure 28 that people suffering from severe mental illness can receive the treatment they need.
- (h) Increasing funding for an adult mental health 31 system of care will result in significantly reduced 32 Department of Corrections, criminal justice system, and local law enforcement expenditures for people with 34 severe mental illness.
- SEC. 2. Section 5802 of the Welfare and Institutions 35 36 Code is amended to read:
- 5802. (a) The Legislature finds that a mental health 37 38 system of care for adults and older adults with severe and persistent mental illness is vital for successful

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management of mental health care in California. Specifically:

- (1) A comprehensive and coordinated system of care includes community-based treatment, outreach services early intervention strategies, other system management, and interagency components required by adults and older adults with severe and persistent mental illness.
- (2) Mentally ill adults and older adults receive service county 10 from many different state and agencies. particularly criminal justice, employment, housing, public welfare, health, and mental health. In a system of care these agencies collaborate in order to deliver 14 integrated and cost-effective programs.
- (3) The recovery of persons with severe mental illness 16 and their financial means are important for all levels of government, business, and the community.
- (4) System of care services which ensure culturally 19 competent care for persons with severe mental illness in 20 the most appropriate, least restrictive level of care are necessary to achieve the desired performance outcomes.
- (5) Mental health service providers need to increase 23 accountability and further develop methods to measure 24 progress towards client outcome goals and cost 25 effectiveness as required by a system of care.
- (b) The Legislature further finds that the integrated 27 service agency model developed in Los Angeles and 28 Stanislaus Counties and the countywide systems model 29 developed in Ventura County, beginning in the 1989–90 30 fiscal year through the implementation of Chapter 982 of 31 the Statutes of 1988, provide models for managing care for 32 adults and older adults with severe mental illness, and have successfully met the performance 34 required by the Legislature.
- 35 (c) The Legislature also finds that the system 36 components established in adult systems of care are of 37 value in providing greater benefit to adults and older 38 adults with severe and persistent mental illness at a lower cost in California.

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(d) Therefore, using the guidelines and principles developed under the demonstration projects implemented under the adult system of care legislation in 1989, it is the intent of the Legislature to accomplish the following:

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- (1) Encourage each county to implement a system of care as described in this legislation for the delivery of mental health services to seriously mentally disordered adults and older adults.
- (2) To promote system of care accountability for performance outcomes which enable adults with severe mental illness to reduce symptoms which impair their ability to live independently, work, maintain community 14 supports, care for their children, stay in good health, not abuse drugs or alcohol, and not commit crimes.
- (3) Maintain funding existing for the programs 17 developed in Los Angeles, Stanislaus, and Ventura 18 Counties as models and technical assistance resources for 19 future expansion of system of care programs to other counties as funding becomes available.
- (4) Provide sufficient funds for counties to establish 22 outreach programs and to provide mental health services medications, and related substance abuse services, supportive housing or other housing assistance, 25 vocational rehabilitation, and other nonmedical programs necessary to stabilize homeless mentally ill persons or mentally ill persons at risk of being homeless, get them off the street, and into treatment and recovery, 29 or to provide access to veterans' services that will also provide for treatment and recovery.
- SEC. 3. Section 5806 of the Welfare and Institutions 32 Code is amended to read:
- 5806. The State Department of Mental Health shall 34 establish service standards that ensure that members of target population are identified. and services 36 provided to assist them to live independently, work, and reach their potential as productive citizens. department shall provide annual oversight of grants issued pursuant to this part for compliance with these standards. These standards include but are not limited to:

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(a) A service planning process that is target population based and includes the following:

- (1) Determination of the numbers of clients to served and the programs and services that will be provided to meet their needs. The local director of mental health shall consult with the sheriff, the police chief, the probation officer, the mental health board, contract agencies, and family, client, ethnic and citizen constituency groups as determined by the director.
- (2) Plans for services including outreach, design of 11 mental health services, coordination and access 12 medications, substance abuse services, housing assistance, supportive housing or other vocational rehabilitation, and 14 veterans' services. Plans shall also contain evaluation which shall consider cultural, strategies, linguistic. 16 gender, age, and special needs of minorities in the target populations. Provision shall be made for staff with the 18 cultural background and linguistic skills necessary to 19 remove barriers to mental health services due to limited 20 English speaking ability and cultural differences.
 - (3) Provisions for services to meet the needs of target population clients who are physically disabled.
- (4) Provision for services to meet the special needs of 24 older adults.
 - support and consultation (5) Provision for family services, parenting support and consultation services, and peer support or self-help support, group appropriate.
- (b) Each client shall have either a clearly designated 30 mental health case manager or a multidisciplinary 31 treatment team who is responsible for providing or services. Responsibilities 32 assuring needed complete assessment of the client's needs, development 34 of the client's personal services plan, linkage with all appropriate community services, monitoring 36 quality and followthrough of services, and necessary advocacy to ensure each client receives those services 38 which are agreed to in the personal services plan. Each client shall participate in the development of his or her personal services plan, and responsible staff shall consult

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with the designated conservator and, with the consent of the client, consult with the family and other significant persons as appropriate.

- (c) The individual personal services plan shall ensure 5 that members of the target population involved in the system of care receive age, gender, and culturally appropriate services, to the extent feasible, that are designed to enable recipients to:
- (1) Live in the most independent, least restrictive 10 housing feasible in the local community.
 - (2) Engage in the highest level of work or productive activity appropriate to their abilities and experience.
- (3) Create and maintain a support system consisting of 14 friends, family, and participation in community activities.
- (4) Access an appropriate level of academic education 16 or vocational training.
 - (5) Obtain an adequate income.

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- (6) Self-manage their illness and exert as much control possible over both the day-to-day and long-term decisions which affect their lives.
- Access necessary physical health care maintain the best possible physical health.
- (8) Reduce or eliminate antisocial criminal or 24 behavior and thereby reduce or eliminate their contact with the criminal justice system.
 - (9) Reduce or eliminate the distress caused by the symptoms of mental illness.
- (10) Reduce or eliminate the harmful effects of alcohol 29 and substance abuse.
 - SEC. 4. Section 5814 of the Welfare and Institutions Code is amended to read:
- 5814. (a) (1) This part shall be implemented only to the extent that funds are appropriated for purposes of this part. To the extent that funds are made available, the first 34 priority shall go to maintain funding for the existing 36 programs developed in Los Angeles, Stanislaus, Ventura Counties. 37
- 38 (2) The director shall establish a methodology awarding grants under this part consistent with 39 legislative intent expressed in Section 5802, and

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consultation with the advisory committee established in this subdivision.

- (3) The director shall establish an advisory committee 4 for the purpose of providing advice regarding 5 development of criteria for the award of grants, and the 6 identification of specific performance measures evaluating the effectiveness of grants. The committee shall include, but not be limited to, representatives from state, county, and community veterans' services and 10 disabled veterans outreach programs, supportive housing and other housing assistance programs, law enforcement, 12 county mental health and private providers of local 13 mental health services and mental health outreach 14 services, the Board of Corrections, the State Department 15 of Alcohol and Drug Programs, local substance abuse 16 services providers, the Department of Rehabilitation, and providers of local employment services. The criteria 17 18 for the award of grants shall include, but not be limited 19 to, all of the following:
- (A) A description of a comprehensive strategic plan 21 for providing outreach, prevention, intervention, and evaluation in a cost appropriate manner corresponding to 23 the criteria specified in subparagraph (C) of paragraph 24 (1) of subdivision (b).
- (B) A description of the local population to be served, 26 ability to administer an effective service program, and the degree to which local agencies and advocates will support and collaborate with program efforts.
- (C) Memoranda of understanding for referral 30 coordination with county probation program parolees 31 and all severely mentally ill individuals being released 32 from custody of the sheriff, the Department of the Youth Authority, or the Department of Corrections. 34 Memoranda of understanding with local housing and 35 redevelopment agencies and other programs to provide 36 housing assistance and other appropriate interagency coordination.
- 38 (D) Mechanisms to award grants in a manner that supports better performance by counties by restricting the availability and level of grants for counties based on

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the extent to which the current number of people receiving extensive community mental health services with funds provided other than through this part in the 4 county are significantly below those of other comparably 5 sized counties with comparable resources, 6 rewarding counties who are able to provide extensive community mental health services to more people within other available resources.

(b) As funds become available, this program shall be 10 expanded to provide training and funding for counties with significant populations of homeless mentally 12 persons, which may include the following types of grants:

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- Strategic planning grants for new counties to 14 create, and for existing system of care counties to expand, an adult system of care that meets the requirements of 16 this part.
- (A) Strategic planning grants shall require a strategy 18 committee composed of, but not limited representatives of the local government and private 20 providers of housing assistance, mental health services, 21 outreach for mental health services, veterans' services. 22 outreach to disabled veterans, law enforcement. 23 substance abuse services and employment services. An 24 existing local committee may be utilized to serve as this 25 strategy committee if it includes or is expanded to include the required representation.
- (B) The strategy committee shall develop 28 comprehensive plan for providing services pursuant to this part. The strategic plan shall be suitable to form the performance-based 30 basis for contract department.
- (C) The strategic plan shall identify specific outcome 33 and performance measures and annual reporting that 34 will allow the department to evaluate, at a minimum, the 35 effectiveness of the strategies in providing successful 36 outreach and reducing homelessness, and involvement with local law enforcement, and other measures 38 identified by both the department and the strategy committee. The outcome and performance shall include, but not be limited to, all of the following:

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(i) The number of persons served, and of those, the number who are able to maintain housing, and the number who receive extensive community mental health services for at least four months in a six-month period.

- (ii) The number of persons with contacts with local 6 law enforcement and the extent to which local and state incarceration has been reduced.
- (iii) The number of persons able to demonstrate an 9 increase in stability of income including competitive 10 employment.
- (iv) The number of persons contacted in outreach 12 efforts who appear to be severely mentally ill, as 13 described in Section 5600.3, who have refused treatment 14 after completion of all applicable outreach measures set 15 forth in the strategic plan.
- (2) Four-year outreach service grants in accordance 17 with a contract between the state and approved counties 18 that reflects the number of anticipated contacts with 19 people who are homeless or at risk of homelessness, and 20 the number of those who are severely mentally ill and 21 who are likely to be successfully referred for treatment remain and will in treatment until successfully discharged.
- (3) (A) Four-year service expansion grants in 25 accordance with a contract between the state and 26 approved counties that provides a formula for annual 27 increased funding reflecting net increases in the total 28 annual number of severely mentally ill adults, described in Section 5600.3, who receive extensive 30 community mental health services in at least four months 31 in a six-month period. As used in this section, "receiving 32 extensive community mental health services" means having a case manager as described in subdivision (b) of 34 Section 5806, having an individual personal service plan 35 as described in subdivision (c) of Section 5806, and 36 receiving service pursuant to that plan in four months of a six-month period.
- 38 (B) The formula incentive funding provided pursuant to subparagraph (A) shall be sufficient to provide mental health services, medically necessary medications to treat

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severe mental illnesses, alcohol and drug services, supportive housing and other housing assistance, 3 vocational rehabilitation, money management assistance 4 for accessing other health care and obtaining federal income and housing support, accessing veterans' services, and stipends to attract and retain sufficient numbers of qualified professionals as necessary to provide the necessary levels of these services. These grants shall, however, pay for only the portion of the costs of those 10 services not likely to be provided by federal funds or other state funds. The amount of the grants may be 12 increased to reward counties that are providing extensive community mental health services to significantly more 14 severely mentally ill adults, with funds other than those 15 provided pursuant to this part, relative 16 comparable counties based on size, location, 17 resources, and may be decreased to penalize counties, 18 and in some cases make them ineligible for participation 19 in these grants, if the numbers of severely mentally ill 20 adults to whom a county is providing extensive 21 community mental health services relative to its size, location, and resources is are significantly below that of 23 other comparable counties. 24

(C) Grants provided pursuant to subparagraph (A) 25 shall include provisions measuring the base level of the number of people suffering from severe mental illness who are arrested and serve in jail, prison, or a state hospital as a result of their arrest in the applicable county, and measuring how the grant and increased mental 30 health services provided by the grant reduces the portion of criminal justice system resources required to expended on people with severe mental illness. Grants shall also include a projection of the number of persons to 34 be served annually. Beginning in the 2002-03 fiscal year, 35 funding shall be based upon each county's successful 36 demonstration that the county has served the number of adults projected for the prior fiscal year.

(D) Four-year outreach grants, provided pursuant to paragraph (2), may be renewed upon their expiration provided that the applicant county demonstrates to the

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satisfaction of the department that the outreach services are successfully reaching and bringing into treatment the numbers of persons projected in the contract. The contract may be modified as necessary based upon the results being achieved, both in the outreach program and in the program expansion grant.

(E) Four-year program expansion grants pursuant to subparagraph (A) may be renewed upon their expiration, provided that the applicant county 10 demonstrates to the satisfaction of the department that services provided are successfully reducing the unmet mental health need and providing for reduction in the amount of law enforcement, criminal justice system, 14 and state corrections expenditures that would otherwise be expended upon persons with severe mental illness 16 from the applicable county in accordance with a process included in the grant for measuring these reductions and 18 setting forth benchmarks for reducing the expenditures 19 as mental health expenditures increase, and for meeting 20 other performance objectives established in the contract. The benchmarks for reduction in incarceration rates shall 21 22 require each county to reduce incarceration rates by 20 23 percent or more over the four-year period. In reviewing 24 a county program for renewal of a grant, the department 25 may approve the renewal even if the reduction in 26 incarceration rates does not meet the required performance, if the department finds that the county program is meeting other performance benchmarks established in the contract, and is successfully stabilizing 30 more people with severe mental illness, improving the community by reducing homelessness, and achieving the maximum feasible reduction in incarceration of people with severe mental illness.

(F) In any county in which the director determines 35 the program has not resulted in a reduction of criminal 36 justice expenditures or is not meeting other performance benchmarks in accordance with the previous four-year grant, the director may limit the funds available for a continuation of the grant, or an expansion of the grant, or impose other conditions upon the grant in order to **— 13 — AB 34**

improve the performance of the county in reducing the incarceration of people suffering from severe mental illness.

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- (G) On or before November 1, 2001, and annually 5 thereafter, the director shall report to the Legislature regarding the impact of grants funded pursuant to this section in reducing the incarceration of people suffering from severe mental illness, and make recommendations to the Legislature regarding how counties can improve 10 their performance and whether state policies regarding severe mental illness should be changed. The director may establish standards and a reporting format for county reports to the director on annual progress toward attaining expansion grant goals.
- (c) Contracts awarded pursuant to this part shall be 16 exempt from the Public Contract Code and the state administrative manual and shall not be subject to the approval of the Department of General Services.
- (d) Notwithstanding any other provision of law, funds 20 awarded to counties pursuant to this part and Part 4 (commencing with Section 5850) shall not require a local match in funds. However, counties shall demonstrate a 23 maintenance of effort in adult and ehildrens childrens' mental health services.
- (e) No county shall reduce existing system-of-care or 26 Bronzan-McCorquodale service funds provided this part and Part 4 (commencing with Section 5850) if adult or childrens childrens system-of-care funds are accepted by the county.
- 30 SEC. 5. (a) The sum of twelve million 31 (\$12,000,000) is hereby appropriated from the General 32 Fund to the State Department of Mental Health. Five hundred thousand dollars (\$500,000) shall be allocated for 34 training, by or through the programs pursuant to subdivision (a) of Section 5814 of the Welfare 35 36 and Institutions Code. Five hundred thousand dollars 37 (\$500,000) shall be allocated for training to counties in homeless outreach to be offered through an organization 39 significant success with homeless programs, and two million dollars (\$2,000,000) shall be

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allocated for grants to counties for implementation of paragraph (1) of subdivision (b) of Section 5814 of the Welfare and Institutions Code during the 1999–2000 fiscal 4 year. Nine million dollars (\$9,000,000) shall be allocated 5 for implementation of paragraphs (2) and (3) of 6 subdivision (b) of Section 5814 of the Welfare and Institutions Code for grants to counties that enter into contracts to establish or expand their programs on or 9 before April 1, 2000.

- (b) The sum of forty one million dollars (\$41,000,000) 11 is hereby appropriated from the General Fund for the 12 2000-01 fiscal year to the State Department of Mental for implementation of paragraph (2) 14 subdivision (b) of Section 5814 of the Welfare and 15 Institutions Code.
- (c) The State Department of Mental Health shall 17 allocate to counties, from the amount appropriated 18 pursuant to subdivision (a), for the first year of initial grants to counties, the amount projected by each county 20 that would be required to fund first-year costs pursuant 21 to paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code. If the total of the 23 projected first-year costs of all counties exceeds the maximum appropriation, each county shall receive a 25 percentage of the maximum appropriation equal to that 26 county's percentage of the total projected costs for all 27 counties.
- (d) It is the intent of the Legislature that the amounts 29 appropriated to the State Department of Mental Health 30 for the second and all subsequent fiscal years of funding for expansion of the county mental health programs pursuant to Section 5814 of the Welfare and Institutions 33 Code, shall be allocated to counties based on the actual 34 amounts due under the contract with the applicable 35 county for the actual net increases in the number of 36 persons served during the prior fiscal year, adjusted by 37 the amount that the allocation to the county in the prior fiscal year was greater or less than the amount required to fund the county for the actual increase in number of persons served. If the total amount of the allocations due

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1 all counties would exceed the previous vear's to appropriation by more than fifty million dollars (\$50,000,000) for that year, each county shall receive a percentage of a fifty million dollar (\$50,000,000) increase 5 over the previous year's appropriation equal to that county's percentage of the total costs for all counties for that year. The balance of each county's costs shall be paid to that county in the following fiscal year to the extent 9 funds are available.

(e) Of the amounts appropriated each year, hundred thousand dollars (\$500,000) shall be allocated to departmental support for administrative costs associated with the programs described in this section.

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- SEC. 6. This act is an urgency statute necessary for the 15 immediate preservation of the public peace, health, or 16 safety within the meaning of Article IV of the 17 Constitution and shall go into immediate effect. The facts 18 constituting the necessity are:
- In order for the State Department of Mental Health to 19 20 have the program established and grants awarded within 21 the time frames set forth in this act, and to ensure that the 22 state is able to begin promptly achieving reductions in 23 incarceration and homelessness in accordance with this 24 measure, it is essential that this act take effect 25 immediately.